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May 30, 1986

By Hand

Honorable James H. Bayne
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Section 11303 Recordation of
Security Agreement

Dear Mr. Bayne:

Enclosed herewith are two originals of the document described below for recordation under 49 U.S.C. § 11303.

The document is a Security Agreement dated May 23, 1986 by Leaseco, a California general partnership (the borrower), for the benefit of Wells Fargo Bank, N.A. (the lender) covering forty 33,500 gallon capacity tank cars, more fully described below, and also granting the lender a security interest in two leases between the borrower and Andrews Petroleum Services, Inc.

The Security Agreement is thus a "primary" document under 49 C.F.R. § 1177.1(a) and should be recorded under the names of Wells Fargo Bank and Leaseco as shown below:

Borrower and
Car Owner:

LEASECO, a California general
partnership

Lender and
Secured Party:

WELLS FARGO BANK, N.A.
Newport Financial Center
Regional Commercial Banking Office
660 Newport Center Drive
Newport Beach, California 92660

A description of the equipment covered by the Security Agreement is as follows:

RECORDATION NO. 14966
Filed 1425

MAY 30 1986 -9 40 AM

INTERSTATE COMMERCE COMMISSION

*Countersigned
James H. Bayne*

Honorable James H. Bayne
May 30, 1986
Page 2

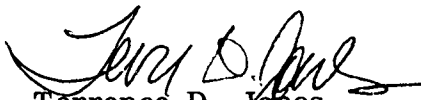
Description: Forty 33,500 gallon capacity tank cars, type 105 A 300W, bearing serial numbers AGLX 1111 through 1150, inclusive.

A short summary of the enclosed Security Agreement is provided below, pursuant to 49 C.F.R. § 1177.3(d)(8), for inclusion in the Commission's recordation index:

Index Summary: Security Agreement dated May 23, 1986 by Leaseco, a California general partnership (borrower and car owner) for the benefit of Wells Fargo Bank, N.A., Newport Financial Center, Regional Commercial Banking Office, 660 Newport Center Drive, Newport Beach, California 92660 (lender and secured party), covering forty 33,500 gallon capacity tank cars, type 105 A 300W, bearing serial numbers AGLX 1111 through 1150, inclusive, and also granting the lender and secured party a security interest in two leases between the borrower and Andrews Petroleum Services, Inc.

A fee of \$10 is enclosed pursuant to 49 C.F.R. § 1177.3(c). Please return one original of the Security Agreement, after stamping, to the undersigned. Thank you for your assistance.

Yours very truly,



Terrence D. Jones
Attorney for Wells Fargo Bank, N.A.

Enclosures

TDJ/smh
147-00-01

Interstate Commerce Commission
Washington, D.C. 20423

5/30/86

Terrence D. Jones
OFFICE OF THE SECRETARY

Billig, Sher & Jones, P.C.

Suite 300

2033 K. Street, N.W.

Washington, 20006

Sir:

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on ^{5/30/86} ~~1/30/86~~ ^{9:40am} ~~9:40am~~ and assigned re-
recording number(s) 44966

Sincerely yours,


Secretary

Enclosure(s)

14966

REGISTRATION NO. _____ FILED 1986

SECURITY AGREEMENT

MAY 30 1986 - 9 40 AM

INTERSTATE COMMERCE COMMISSION

THIS SECURITY AGREEMENT is made this 23rd day of May, 1986, by LEASECO, a California general partnership, and WELLS FARGO BANK, N.A., a national banking association ("Bank").

RECITALS

WHEREAS, Leaseco has entered into that certain Tank Car Service Contract dated as of June 1, 1981 by and between Leaseco as Lessor and Andrews Petroleum Services, Inc. ("Andrews") as Lessee, pursuant to which Andrews has leased certain tank cars described on Schedule A attached hereto, and that certain Tank Car Service Contract dated as of June 1, 1985 by and between Leaseco as Lessor and Andrews as Lessee, pursuant to which Andrews has leased the tank cars described on Schedule B attached hereto (collectively, "Existing Leases");

WHEREAS, Leaseco has requested a loan from Bank in the principal amount of \$1,400,000.00, and Bank has agreed to grant such request provided that, among other things, all obligations of Leaseco to Bank are secured by all rights of Leaseco in and to the tank cars listed on Schedules A and B attached hereto (collectively, the "Cars") all leases of any of the cars, including the Existing Leases, and all of Leaseco's rights to payment under any such leases.

NOW, THEREFORE, Leaseco agrees as follows:

1. Security Interest and Assignment. Leaseco hereby grants, assigns, mortgages and transfers to Bank a security interest in and to all of Leaseco's right, title and interest, in and to each of the following (collectively referred to as the "Collateral"):

(a) the Cars and all appliances, parts, accessories and equipment now or hereafter incorporated or installed in or attached to the Cars, along with all substitutions or replacements of any of the foregoing;

(b) all of Leaseco's rights, powers and privileges under the Existing Leases and all subsequent leases of any of the Cars (such other leases, together with the Existing Leases, are referred to collectively as the "Leases;" all persons or entities obligated as lessees on any Leases are referred to collectively as the "Lessees"), including without limitation the immediate and continuing right to receive and collect all payments, awards, insurance proceeds and other sums receivable by Leaseco pursuant to any of the Leases, whether from an insurer or one or more Lessees, and to execute and deliver all notices and instruments and to do all other things which Leaseco is or may become entitled to do under one or more of the Leases;

(c) all claims, rights, powers, privileges and remedies of Leaseco with respect to any agreement at any time entered

into between Leaseco and any other person or entity in connection with any of the Cars; and

(d) all proceeds received or receivable from the sale, exchange, lease or other disposition of any of the foregoing, whether such disposition is voluntary or involuntary, including without limitation all rights to payment, including returned premiums, with respect to any insurance relating to any of the foregoing, and all rights to payment with respect to any cause of action affecting or relating to any of the foregoing, together with full power and authority, in the name of Bank or Leaseco, or as attorney-in-fact hereby irrevocably constituted, to enforce, collect and receive, and receipt for, in accordance with the terms and conditions hereinafter set forth any and all of the foregoing rights and sums assigned, or entitled to be received pursuant to other rights assigned.

2. Obligations Secured. This Security Agreement is made to secure: (a) payment and performance of all present and future Indebtedness of Leaseco to Bank under that certain promissory note dated May 23, 1986 in the principal amount of \$1,400,000.00, executed by Leaseco in favor of Bank, and under any modifications, renewals, extensions, or substitutions of or for such note; and (b) payment and performance of all of Leaseco's obligations under this Security Agreement. The word "Indebtedness" is used herein in its most comprehensive sense and includes any and all advances, debts, obligations and liabilities of Leaseco, heretofore, now or hereafter made, incurred or created, whether voluntary or involuntary and however arising, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether Leaseco may be liable individually or jointly, or whether recovery upon such Indebtedness may be or hereafter become unenforceable.

3. Protection of Security. To protect the security afforded by this Security Agreement, Leaseco represents, warrants and covenants as follows:

(a) Leaseco shall materially perform and comply with each and every term of each of the Leases and any other agreement entered into between Leaseco and any other person or entity in connection with the Cars.

(b) Unless the prior written consent of the Bank shall have been obtained, Leaseco will not amend, modify, extend or in any way alter any of the terms of any Lease (other than any amendment or modification to a Lease increasing the amount payable pursuant to such Lease, extending the term of such Lease or adding to the Cars subject to such Lease), or cancel or terminate any Lease or consent to or accept any cancellation, termination or surrender thereof, or waive any default under or breach of any Lease, or consent to or accept any prepayment of rent under any Lease or agree to any discount of rent thereunder, or give any other consent or notice under any Lease or make any agreement with any Lessee with respect to any Lease.

(c) Leaseco shall do all things reasonably necessary or appropriate to preserve the value of the Collateral. Without limiting the generality of the foregoing, Leaseco will cause the

Cars to be maintained at no expense or cost to Bank and to be kept in good order and repair and ready for service in normal railroad operations, ordinary wear and tear excepted.

(d) At all times during the effectiveness of this Security Agreement, Leaseco will cause to be plainly, distinctly and conspicuously placed on each side of each of the Cars in letters not less than one inch in height a legend bearing the Designation Number of such Car, which shall be one of the Designation Numbers set forth on Schedule A or Schedule B attached hereto. At all times during the effectiveness of this Security Agreement, Leaseco shall insure that the Cars bear such legend. Leaseco shall use its best efforts not to allow the name of any person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association or corporation other than Leaseco or Bank; provided however, that the Cars may be lettered with the name, initials or other insignia customarily used by a Lessee on its equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under a lease.

(e) Leaseco has and shall continue at all times to have a good and valid title to the Cars, and the Cars are and shall continue to be free and clear of any mortgage, pledge, lien, charge or other encumbrance, except such as arise pursuant to the security interest in the Cars granted by Leaseco to Bank and the interests of any Lessee in any of the Cars. Leaseco further shall promptly pay or satisfy and discharge any and all sums claimed by any party by, through, under or against any Leaseco or its successors or assigns which, if unpaid, might become a lien or a charge upon any of the Cars equal or superior to the security interest of Bank; provided however, that Leaseco shall not be required to discharge any such claim so long as Leaseco shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless, in the judgment of Bank exercised in good faith, Bank shall determine that the rights or interests of Bank will be materially endangered by the non-payment thereof.

(f) If Leaseco shall fail to make any payment when due or to do any act required under the terms of any Indebtedness of Leaseco or under this Security Agreement, and which payment or other default is not cured within a period of 10 days, then Bank shall have the right to (but shall not be obligated to), without prior notice to or demand on Leaseco and without releasing Leaseco from any obligation hereunder or thereunder, make or do the same in such manner and to such extent as Bank may deem necessary or advisable to protect the security hereof, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Bank and also the right to perform and discharge each and every obligation, covenant and agreement of Leaseco contained in any Lease or other agreement entered into by Leaseco in connection with any of the Cars; and in exercising any such powers Bank may pay reasonable costs and expenses, including without limitation attorneys' fees, which costs, expenses and attorneys' fees shall be

immediately reimbursed by Leaseco. Bank shall give Leaseco notice of any action taken pursuant to this paragraph.

(g) If any lien, encumbrance or charge of any kind based on any claim (including without limitation any claim for income, franchise or other taxes, whether Federal, state, local or otherwise) shall be asserted or filed against any of the Collateral, or any order, whether or not valid, of any kind shall be entered with respect to any of the Collateral by virtue of any claim of any kind in either case so as to (1) interfere with the due application of any amount pursuant to the provisions hereof or (2) subject the Bank to any obligation to refund or make any payment in respect of any amount applied to the payment of any Indebtedness of Leaseco to Bank, then Leaseco will promptly take such action (including but not limited to the payment of money) as may be necessary to prevent or remedy the cause of such interference or such obligation as the case may be.

(h) Leaseco agrees that it shall give Bank prompt written notice if the use of any of the Cars shall be changed from that presently contemplated by Leaseco, such notice to specify such new use of said Car.

(i) Upon the termination of either of the Existing Leases, Leaseco shall promptly renew such lease, or enter into a new lease of the same Cars, with the understanding that Bank shall have the right to review and approve any such new lease prior to its execution. At all times until the payment in full of all obligations secured hereby, Leaseco shall assure that each of the Cars is leased to a Lessee whose experience and financial condition reasonably indicate that such Lessee will be able to perform its obligations to Leaseco. Upon request by Bank, Leaseco shall provide to Bank copies of all Leases, and written acknowledgements of and consents to Bank's security interest in such Leases and the Cars from the Lessees under such leases.

(j) Leaseco shall at all times insure the Cars, or assure that insurance on the Cars has been obtained, with Bank as loss payee, in form and amounts, under agreements, against risks and liabilities, and with insurance companies satisfactory to Bank. Without limiting the foregoing, Bank shall permit such insurance to contain a deductible provision of \$50,000.00 per occurrence.

4. Power of Attorney. Leaseco hereby appoints Bank its true and lawful attorney-in-fact, effective immediately upon the occurrence of a default or defined Event of Default under any evidence of any Indebtedness, with full power of substitution, to enforce Bank's rights under any Lease or other agreement entered into by any Leaseco in connection with the Cars, and to take any other action which Bank may deem necessary or appropriate to protect and preserve the security interest of Bank in the Collateral.

5. No Assumption by Bank. Anything herein to the contrary notwithstanding: (a) Leaseco shall at all times remain liable to the respective Lessees under the Leases to perform all the duties and obligations of Leaseco thereunder to the same extent as if this Security Agreement had not been executed; (b) the exercise


by Bank of any of the rights assigned hereunder shall not release Leaseco from any of its duties or obligations under any Lease; (c) Bank shall not have, and Leaseco shall indemnify the Bank for and hold Bank harmless from, any obligation or liability under any Lease by reason of, or arising out of, this Security Agreement; and (d) Bank shall not be obligated to perform any of the obligations or duties of Leaseco under any Lease or to make any payment due from Leaseco to any Lessee, or to make any inquiry as to the sufficiency of any payment received by Bank with respect to any Lease, or to present or file any claim or take any other action to collect or enforce any claim for any payment assigned hereunder, or to pay or to see to the payment of or to make any filings in respect of any taxes levied on or with respect to any Lease, the rentals thereunder, or any of the Cars. Nothing in this Agreement is intended to confer on any party other than Leaseco or Bank any benefits under this Agreement.

6. Default; Remedies. If a default or defined Event of Default under any document or instrument evidencing any Indebtedness of Leaseco to Bank shall occur, or if Leaseco shall breach any provision of this Security Agreement, which default has not been cured within any applicable time period, Bank without any obligation to resort to any other security, and without presentment, demand, protest, notice of dishonor or legal process, all of which are expressly waived by Leaseco, shall have the right: (a) to require Leaseco to assemble and deliver the Collateral, including the Cars, to Bank at such place as Bank shall designate; (b) to enter on to any premises of any Leaseco and/or to take possession of the Collateral or any part thereof; and (c) to the extent permitted by law, at any time and from time to time, in its sole discretion, to sell in a commercially reasonable manner (subject to any rights of a Lessee under a Lease) the Collateral and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Bank may grant options, all without either demand, advertisement or notice, all of which are hereby expressly waived by Leaseco, except that at least ten (10) days before any such sale Bank shall mail or deliver to Leaseco at its latest addresses known to the Bank a notice stating the time and place of such sale. Any person or entity, including Bank, may bid at such sale and purchase the Collateral free from any equity or right of redemption, which is hereby waived and released, to the extent permitted by law.

Upon any such sale, after deducting from the proceeds of such sale all costs and expenses of every kind for sale or delivery, including without limitation attorneys' fees and disbursements, Bank shall apply any residue to the payment of any obligations secured hereby. The balance, if any, remaining shall be paid to Leaseco. The rights and remedies of Bank specified herein shall be cumulative and shall in no event be deemed exclusive of any other rights Bank may have pursuant to any agreement between Leaseco and Bank, or the laws (including without limitation the Uniform Commercial Code) of the United

States or of any state of the United States. Notwithstanding the foregoing, the security interests granted hereby are effective immediately and their effectiveness is not contingent upon the occurrence of any default under any document, instrument or agreement executed by Leaseco in favor of Bank.

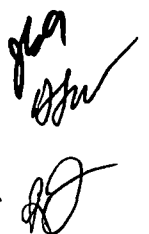
7. Further Assurance. Leaseco from time to time will execute or deliver to the respective Lessees for execution, and deliver to Bank and file all such instruments and take, and cause to be taken, all such actions as Bank may reasonably request in order to preserve and protect the security interests granted or intended to be granted to Bank hereunder, to effectuate the purposes of this Security Agreement or to carry out the terms hereof, including without limitation the execution and filing of financing statements or continuation statements. Leaseco hereby authorizes Bank to file this Security Agreement or such financing statements with respect to the Collateral with any appropriate governmental office or offices in order to perfect the security interests granted hereby.

8. Assignment. All or any of the right, title or interest of Bank in, to or under this Security Agreement may be assigned or transferred and may be reassigned or retransferred by an assignee of Bank, or any successor assignee, at any time and from time to time. Bank shall not assign or transfer its interest under this Agreement without obtaining Leaseco's prior approval. 

9. Controlling Law; Successors and Assigns. This Security Agreement shall be governed by and construed in accordance with the laws of the State of California and shall inure to the benefit of and be binding upon Leaseco and Bank and their respective successors and assigns, provided however, that Leaseco may not assign its interests hereunder without Bank's prior written consent.

10. Changes; Waivers. Neither this Security Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by all parties to this Agreement. No failure or delay by Bank in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11. Severability. In case any one or more of the provisions contained in this Security Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

12. Termination of Agreement. This Agreement shall cease to be effective when all of the obligations secured hereby, as defined in paragraph 2 of this Agreement, have been full paid or performed. Upon termination of this Agreement the Bank shall release any recorded notice or filings evidencing a secured interest under this Agreement. 

PARTNERSHIP ACKNOWLEDGEMENT

State of California

County of Orange

} ss.

On this 27th day of May in the year one thousand nine hundred and Eihgty Six,
before me, Patricia Averett a Notary Public in and for the said County and State
residing therein, duly commissioned and sworn, personally appeared Hank F. Weeks

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument on
behalf of the partnership and acknowledged to me that the partnership executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and for the said County and State, the day
and year in this Certificate first above written.



Patricia Averett

NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE OF CALIFORNIA

My Commission Expires Sept. 3, 1987

PARTNERSHIP ACKNOWLEDGEMENT

State of California

County of Orange

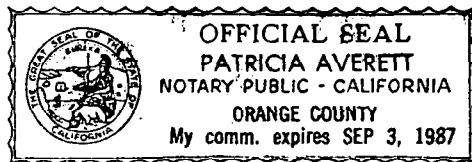
} ss.

On this 27th day of May in the year one thousand nine hundred and eighty six,
before me, Patricia Averett a Notary Public in and for the said County and State
residing therein, duly commissioned and sworn, personally appeared John K. Andrews

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personally known to me (or proved to me on the basis of satisfactory evidence) to be the person that executed this instrument on
behalf of the partnership and acknowledged to me that the partnership executed it.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and for the said County and State, the day
and year in this Certificate first above written.



Patricia Averett

NOTARY PUBLIC IN AND FOR SAID COUNTY AND STATE OF CALIFORNIA

My Commission Expires Sept. 3, 1987

State of California

County of Orange

SS.

CORPORATION ACKNOWLEDGEMENT

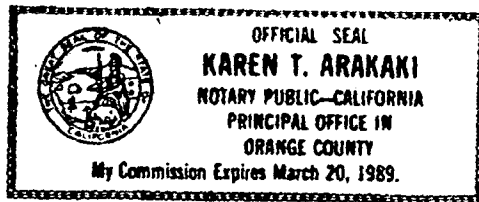
On this 23rd day of May, in the year 1986, before me

Karen T. Arakaki, a Notary Public
in and for the said State, residing therein, duly commissioned and sworn, personally appeared

Robert L. Thomas and _____
personally known to me (~~proved to me on the basis of satisfactory evidence~~) to be the persons who executed the
within instrument as Vice President and _____
President or Vice-President Secretary or Assistant Secretary

on behalf of the corporation therein named and acknowledged to me that such corporation executed the within in-
strument pursuant to its by-laws or a resolution of its Board of Directors.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, in and for said County and State,
the day and year first above written.



4590 MacArthur Blvd., Newport Beach, Ca. 92660

NP 003 (10/83) 50/PAD 81300

Karen T. Arakaki
NOTARY PUBLIC IN AND FOR SAID STATE OF CALIFORNIA
My Commission Expires March 20, 1989

IN WITNESS WHEREOF, Leaseco and Bank have executed this Agreement as of the day and year first above written.

LEASECO

WELLS FARGO BANK, N.A.

By: 

Hank F. Weeks
General Partner

By: 

Robert L. Thomas
Vice President

By: 

John K. Andrews
General Partner

SCHEDULE A

Twenty type 105 A 300W tank cars,
numbers AGLX 1131-1150, inclusive

SCHEDULE B

Twenty type 105 A 300W tank cars,
numbers AGLX 1111-1130, inclusive